

## Message Text

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PAGE 01 WELLIN 00761 220320Z

72 (63)  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W  
----- 052164

O R 212130Z MAR 75  
FM AMEMBASSY WELLINGTON  
TO SECSTATE WASHDC IMMEDIATE 9375  
INFO AMEMBASSY CANBERRA

C O N F I D E N T I A L WELLINGTON 0761

EXDIS

C O R R E C T E D C O P Y OMISSIONS THROUGHOUT TEXT

E.O. 11652: GDS  
TAGS: ETRD, EAGR, NZ  
SUBJ: MEAT IMPORT PROGRAM

REF: (A) STATE 57282 (B) WELLINGTON 748

1. DIRECTOR TRADE POLICY, DEPARTMENT OF TRADE AND INDUSTRY  
LATE MARCH 21 GAVE ECON/COMM COUNSELOR COPY OF PROPOSED MESSAGE  
FROM MINISTER OF OVERSEAS TRADE TO SECSTATE AS APPROVED BY  
ACTING MINISTER W.W. FREER. TELEGRAM TRANSMITTING MESSAGE TO  
NZ EMBASSY AUTHORIZES NZ EMBASSY MAKE "TEXTUAL AMENDMENTS  
ESSENTIAL TO CLARIFY ANY STATEMENTS".

2. TEXT OF MESSAGE FOLLOWS:

"THE REASONS FOR NEW ZEALAND'S CONCERN ABOUT ANY  
PROPOSED VOLUNTARY RESTRAINT ARRANGEMENTS, AGREED ON MEAT IMPORTS  
WILL BE WELL KNOWN TO OUR GOVERNMENT FROM THE REPRESENTATIONS MADE  
BY NEW ZEALAND'S AMBASSADOR AND THROUGH DISCUSSIONS WITH THE NEW  
ZEALAND EMBASSY SINCE DECEMBER. HOWEVER I THOUGHT IT WOULD BE  
HELPFUL TO YOU IF I SET OUT MY GOVERNMENT'S POSITION ON THE MATTER.

"LET ME SAY AT THE OUTSET THAT WE RECOGNISE THE DIFFICULTIES IN  
THE AMERICAN BEEF MARKET CURRENTLY FACED BY YOUR ADMINISTRATION AND  
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PAGE 02 WELLIN 00761 220320Z

WE APPRECIATE THAT THE UNITED STATES MARKET HAS REMAINED FREE OF

RESTRICTIONS WHILE OTHER MAJOR BEEF IMPORTERS HAVE CEASED IMPORTS SINCE MID-1974.

"NEVERTHELESS, I AM DISTRESSED TO LEARN THAT A PROPOSAL FOR A VOLUNTARY RESTRAINT PROGRAMME LIMITED TO 1180 MILLION POUNDS WITH A REDUCED NEW ZEALAND SHARE OF 21.76 PERCENT IS IN PROSPECT. AS WE MADE CLEAR IN RESPONSE TO AN INITIAL APPROACH BY THE DEPARTMENT OF STATE IN DECEMBER, WE BELIEVE THAT AN OVERALL LEVEL OF 1300 MILLION POUNDS WITH A SHARE FOR NEW ZEALAND OF 21.9 PERCENT WOULD BE MORE APPROPRIATE. SUBSEQUENTLY, IN ORDER TO ACCOMMODATE THE POSITION OF THE UNITED STATES ADMINISTRATION, WE HAVE MODERATED OUR REQUESTS SEVERAL TIMES UNTIL, SUBJECT TO SOME RESERVATIONS, WE INDICATED THAT WE COULD ACCEPT 1200 MILLION POUNDS AS ASKED FOR BY YOUR OFFICIALS IN FEBRUARY. I STILL HOLD THE VIEW THAT THIS FIGURE IS FULLY JUSTIFIED AND REPRESENTS A CONSIDERABLE CONCESSION ON THE PART OF THE SUPPLYING COUNTRIES.

"ALTHOUGH I CAN UNDERSTAND THE FACTORS LEADING TO THE UNITED STATES' PROPOSAL, I CONSIDER THE PROPOSAL PLACES A CONSIDERABLE STRAIN UPON THE SPIRIT OF COOPERATION WHICH HAS HITHERTO PREVAILED BETWEEN OUR GOVERNMENTS IN THE AGRICULTURAL SECTOR AND OUR SHARED OBJECTIVES OF LIBERALISING INTERNATIONAL TRADE IN AGRICULTURE. THE RESTRAINTS WILL BE YET ANOTHER REGRETTABLE RESTRICTION ON THE WORLD TRADE IN BEEF.

"THE UNITED STATES HAS BEEN OUR LARGEST MARKET FOR BEEF AND VEAL SINCE 1958 AND CURRENTLY IMPORTS APPROXIMATELY 68 PERCENT OF OUR TOTAL EXPORT PRODUCTION. OUR ANNUAL SHIPMENTS TO THE UNITED STATES IN THE LAST THREE YEARS HAVE AVERAGED 272.3 MILLION POUNDS. NEW ZEALAND'S PROPOSED SHARE OF 1180 MILLION POUNDS WOULD BE 252.8 MILLION POUNDS.

"AS A REGULAR AND CONSISTENT SUPPLIER OF BEEF AND VEAL TO THE US MARKET WE HAVE SHIPPED QUANTITIES TO THE UNITED STATES DEMANDED BY ECONOMIC CONSIDERATIONS. DURING A SHORTFALL IN UNITED STATES PRODUCTION

NEW ZEALAND SUPPLIED ADDITIONAL BEEF AT THE REQUEST OF YOUR GOVERNMENT.

CONVERSELY WE HAVE RESTRAINED EXPORTS IN PERIODS OF HIGH PRODUCTION. IT IS DISHEARTENING TO OBSERVE THAT THIS COOPERATIVE RESPONSE IS TO BE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 WELLIN 00761 220320Z

MET BY THE IMPOSITION OF VOLUNTARY RESTRAINTS, AND BY A FURTHER REDUCTION IN NEW ZEALAND'S SHARE OF THE OVERALL TOTAL.

" ANY RESTRICTIONS ON NEW ZEALAND'S ABILITY TO EXPORT WILL HAVE A SERIOUS IMPACT ON THE NEW ZEALAND ECONOMY AT THIS TIME WHEN WE ARE EXPERIENCING SEVERE BALANCE OF PAYMENTS DIFFICULTIES. THE BALANCE OF

PAYMENTS DEFICIT IS RUNNING AT ABOUT 13 PERCENT OF GNP AND OUR ABILITY TO PURCHASE IMPORTS, AND TO RESIST PRESSURE TO RESTRICT THE LEVEL OF IMPORTS INTO NEW ZEALAND IS DEPENDENT ON OUR SALES OF AGRICULTURAL PRODUCTS IN WORLD MARKETS OF WHICH BEEF EXPORTS TO THE UNITED STATES ARE A VITAL PART.

"I WOULD URGE THAT YOU GIVE MOST SERIOUS CONSIDERATION TO PROPOSING A VOLUNTARY RESTRAINT LEVEL OF 1200 MILLION POUNDS. IF THIS IS NOT POSSIBLE I MUST SAY THAT NEW ZEALAND WILL ACCEPT WITH THE UTMOST RELUCTANCE THE PROPOSAL FOR A VOLUNTARY RESTRAINT OF 1180 MILLION POUNDS AS BEING PREFERABLE TO THE IMPOSITION OF QUOTAS AT A LEVEL PERMITTING EVEN LOWER QUANTITIES INTO THE UNITED STATES IN 1975.

"FINALLY I WOULD ASK THAT AS A MATTER OF PRIORITY, CONSIDERATION BE GIVEN AT THE EARLIEST POSSIBLE MOMENT TO REMOVING THESE RESTRAINTS OR AT LEAST TO INCREASING THE RESTRAINT LEVEL DURING 1975. ONLY BY LIFTING IMPORT RESTRICTIONS CAN SOME DEGREE OF STABILITY BE RESTORED TO THE WORLD BEEF MARKET AND I WOULD VERY MUCH HOPE THAT THE UNITED STATES COULD INITIATE SUCH MEASURES IN THE NEAR FUTURE."  
SELDEN

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## Message Attributes

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